

What is a housing set-aside?

A housing set-aside is a requirement that developers keep a portion of new or rehabilitated units affordable to people with low incomes. Sometimes called 'inclusionary zoning', set-asides *include* the cost of building affordable housing into the housing market. As communities develop, set-asides help create housing opportunities for a variety of income levels. With set-asides, new development will be more equitable and displacement of existing residents will be reduced.

What is the cost of not providing affordable housing?

Housing, like health care and education is foundational for family, community and regional success. *Building new affordable housing in Chicago can:*

- *Prevent a family from becoming homeless.*
- *Keep children from switching schools due to family moves.*
- *Allow companies to stay in Chicago, near their workforce.*
- *Slow down suburban sprawl.*



One out of every five renters in Illinois spends more than 50% of their income on rent¹. For them, 'affordable housing' translates into increased ability to put food on the table and clothes on their child's back.

How many units could this create?

Set-asides work with the private market to create mixed income communities. Over the last 25 years, the City of Chicago issued 262,333 building permits. Had a set-aside been in place, the private market would have created over 19,000 units². The units would be located in the communities that have gained housing units such as Near South Side, Loop, Armour Square, West Town and Bridgeport³.



"Housing is central to everything we're trying to do in this city, because when people live in affordable, high-quality houses and apartments, they work harder to keep their neighborhoods clean, safe and livable."

-Mayor Richard M. Daley
May 15, 2001

Chicago Rehab Network
53 W. Jackson
Chicago, IL 60604
tel 312.663.3936 fax 312.663.3562
www.chicagorehab.org

Where has this strategy been successful?

Montgomery County, Maryland's housing set-aside has produced over 10,000 units of affordable for-sale and rental housing since 1974. In Boston, a Mayoral decree enforcing a set-aside is currently producing affordable units and payments to the city's housing trust fund. Like Chicago, Boston is experiencing a residential boom downtown that is forcing rents up across the city. Developers have the choice of setting aside affordable units or paying a \$52,000 per unit fee to the trust fund.

Has this strategy ever worked in Chicago?

Yes. The City of Chicago has required some developers to set-aside units in exchange for tax increment financing (TIF), but not always. At the Montgomery Ward's redevelopment site 11% of the units will be affordable including some new CHA public housing. Alderman Walter Burnett and the Department of Planning and Development deserve praise for their hard work to craft a deal with the master developer, but affordability shouldn't come on a case-by-case basis. Chicago needs a set-aside law which applies evenly to all developers in the city.

"When building commercial buildings, the law demands that the builder set aside a certain amount of space for parking and for places to walk, for public gardens, for all kinds of good things. In the same way, in the same exigent manner, we have to demand that affordable housing be protected by law itself."

-Cardinal Francis George
Valuing Affordability Conference
June 28th, 2001

Why now?



Chicagoans are being priced out of their neighborhoods. According to Census figures, Chicago is the only large city in the nation to gain population while losing rental housing over the last ten years. While Chicago lost 2,852 rental units, New York and Los Angeles gained 97,269 and 45,993 units each⁴. Unfortunately, new for-sale developments and condominium conversions are no longer an affordable option. The median sales price for condos and town homes sold in the last five years has grown 58% to over \$200,000, according to the Chicago Association of Realtors⁵.

1. 2000 Supplementary Survey, **U.S. Census Bureau**, Table H067: Gross rent as a percentage of household income in the past 12 months.

2. City of Chicago permit data and basis for set-aside estimate from *Expanding Housing Options through Inclusionary Zoning, Campaign for Sensible Growth* Ideas@Work vol. 3, June 2001. Set-asides estimates are based on the Montgomery County, MD inclusionary zoning ordinance, which has created over 10,000 affordable units since 1974.

3. Top 5 Chicago community areas gaining housing units from *Summary Tape File 1, U.S. Census Bureau*, 1990 and 2000.

4. *Profile of General Demographic Characteristics, U.S. Census Bureau*, Table DP-1, 1990 and 2000.

5. *Historical Home Sales Data, Chicago Association of Realtors*, comparison of median homes sales prices of single family attached units, 1996-2000.